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Message Text

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ACTION EB-07

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

ERDA-05 ISO-00 MC-02 ACDA-05 OES-03 /035 W
---------- 049667
R 061509Z MAR 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC 5760

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 05760

EXCON

E.O. 11652 XGDS1
TAGS: ESTC, COCOM, UK, PL
SUBJECT: UK UNIVERSAL CONTROL TO POLAND - IL 1091

REFS: A. COCOM DOC (75) 106
B. STATE 47490

SUMMARY: AT BRITISH REQUEST, UK AND US TECHNICAL EXPERTS MET ON MARCH 5 TO DISCUSS THE EXPORT OF A BRITISH NUMERICALLY CONTROLLED LATHE TO POLAND ON WHICH THE US HAS NOT YET TAKEN A POSITION IN COCOM. US EXPERTS WERE UNWILLING TO BE SWAYED BY A BRITISH PRESENTATION BASED ON THE COCOM RULES, THE STRATEGIC INSIGNIFICANCE OF THE EXPORT, THE DEPRESSED STATE OF THE BRITISH MACHINE TOOL INDUSTRY, AND THE UNTENABLE POSITION OF THE UK GOVERNMENT IF THE US WERE TO BLOCK UNANIMOUS APPROVAL IN COCOM AND THE EXPORT WERE TO BE TAKEN OVER BY A SWEDISH COMPANY WHICH IS READY AND WILLING TO PROVIDE A SIMILAR MACHINE TOOL WITHOUT REFERENCE TO COCOM. IN VIEW OF DISAGREEMENT AT WORKING LEVELS, IT IS RECOMMENDED THAT AN EDAC DECISION BE SOUGHT ON WHETHER IT IS REASONABLE OR DESIRABLE FOR THE US TO BLOCK A BRITISH EXPORT WHERE THE SAME EQUIPMENT IS AVAILABLE AND CERTAIN TO BE PROVIDED BY A NON-COCOM COUNTRY. END SUMMARY.

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1. AS ARRANGED, US AND UK EXPERTS ASSEMBLED FOR

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THE LIST REVIEW DISCUSSIONS MET TO DISCUSS BRITISH PROPOSAL (REF A) TO EXPORT A NUMERICALLY CONTROLLED LATHE INCORPORATING A "BATCHMATIC" COMPUTERIZED NUMERICAL CONTROL (CNC) UNIT. THE UK DEL HAD PREVIOUSLY REMOVED THE CASE FROM CONSIDERATION AT THE MARCH 4 REGULAR COCOM MEETING SCHEDULE IN FAVOR OF BILATERAL DISCUSSION WITH THE US.

2. THE UK GROUP, LED BY HAYNES, STRESSED (A) ITS TECHNICAL DESCRIPTION (VIZ: NO PARAMETERS WHICH WOULD BE EMBARGOED IF INCORPORATED IN A HARDWIRED SYSTEM), (B) THE DEPRESSED STATE OF THE BRITISH MACHINE TOOL INDUSTRY AND HMG MINISTERIAL IMPATIENCE WITH COCOM, (C) SWEDISH (AND NORWEGIAN) COMPETITION BEYOND COCOM JURISDICTION, AND (D) KNOWN COMMUNIST CAPABILITY IN THE CNC FIELD, AS REASONS WARRANTING APPROVAL. THE BRITISH ASKED WHAT THE USG IS LIKELY TO DO ABOUT THEIR RENEWED REQUEST ON THIS CASE.

3. MR. KRATZ REPLIED WITH A PRESENTATION EMPHASIZING (A) US DESIRE TO AVOID OPENING THE DOOR TO CNC EXPORT AT THIS MOMENT WHEN THE COMMUNIST CAPABILITY IS EMBRIONIC, (B) THE CONCERN OF THE US FOR THE TECHNOLOGY WHICH MIGHT BE TRANSFERRED THROUGH EXPORT OF SUCH SYSTEMS, (C) BELIEF THAT NON-COCOM AVAILABILITY IS NOT AS GREAT AS REPORTED AND POTENTIALLY VULNERABLE TO US EXPORT CONTROLS AND (D) DESIRE TO AVOID PROVIDING SOFTWARE ASSISTANCE TO COMMUNIST COUNTRIES.

4. IN RESPONSE THE UK EXPRESSED BELIEF THAT (A) THE "DOOR" TO CNC EXPORT IS ALREADY OPEN BY VIRTUE OF BLOC AND NON-COCOM AVAILABILITY AND THEREFORE NO TECHNOLOGY EXISTS WHICH IS NOT ALREADY AVAILABLE. (B) THE TECHNOLOGY LEVEL INVOLVED IN "BATCHMATIC" (2 AXIS) HAS ALREADY BEEN AVAILABLE AND ALTHOUGH THE SOVIETS HAVE A REMARKABLE TALENT FOR REVERSE ENGINEERING, IT REPRESENTS THE LEAST EFFICIENT USE OF THEIR RESOURCES AND THE EXPORT OF WESTERN MACHINE TOOL SYSTEMS PROVIDES FOR LESS TECHNOLOGY TRANSFER THAN ARRANGEMENTS WHERE WESTERN CONTROLS ARE BEING FTTED TO BLOC MACHINES. (C) CONFIDENTIAL

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WHETHER OR NOT US CONTROLS MAY HAVE ANY INFLUENCE, THE SWEDES ARE PREPARED TO EXPORT THE SAME SYSTEM, WHICH IS AT THE BOTTOM END OF CURRENT TECHNOLOGY IN ANY EVENT. (D) THE UK INSISTED THAT EXPORT OF SOFTWARE IS AN EQUALLY IMPORTANT CONCERN FOR MANUFACTURERS AND HENCE, THE "SOFTWARE" TO BE PROVIDED IS A SINGLE EXECUTIVE TAPE ASSOCIATED WITH A PARTICULAR LATHE. IN THEIR VIEW IT ISN'T MUCH AND THE PROGRAMMING TECHNIQUE CANNOT BE

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DISCOVERED BY WORKING IT BACKWARDS. IN RESPONSE TO THE

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INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 TRSE-00 EUR-12

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 05760

EXCON

QUESTION OF WHETHER A STANDARD CONTROL COULD NOT HAVE BEEN PROVIDED, THE UK EXPLAINED THAT THE MANUFACTURER IS DISCONTINUING HARDWIRED SYSTEMS IN RESPONSE TO D WIDESPREAD CHANGE IN COMMERCIAL PHILOSOPHY AND IN THIS CASE THE REQUIREMENT IS BASED ON A COMMERCIAL STANDARD.

5. WHEN THE US GROUP EXPRESSED PESSIMISM RE APPROVAL OF THE CASE, THE UK GROUP OBSERVED THAT THE EXPORT IS AN IMPORTANT INDICATOR OF COCOM'S WORTH, AND, PARTICULARLY IF THE LATHE IS EXPORTED FROM ANY OTHER COUNTRY, THE BRITISH POLITICAL LEADERSHIP WILL "GO THROUGH THE ROOF" AND THE POSITION OF WORKING LEVEL OFFICIALS IN KEEPING "OUR MINISTERS AND PARLIAMENTARIANS ON A STRAIGHT LINE" IN TAKING COCOM SERIOUSLY "WILL BECOME UNTENABLE".

6. DISCUSSION ALSO DELVED INTO THE FACT THAT THE US DRAFT NOTE 3 (NOT PRESENTED TO COCOM) FOR THE LIST REVIEW WOULD NOT BENEFIT THE BATCHMATIC BECAUSE IT WOULD NOT BE REEXPORTED FROM THE BLOC. UK OFFICIALS INSISTED THAT THE CASE STANDS ON ITS OWN MERITS. THEY ALSO EXPRESSED THE VIEW THAT THE ARGUMENTS ADDUCED DURING THE US PRESENTATION SUPPORTED CONTROLLED EXPORTS OF COMPLETE LOW LEVEL CNC SYSTEMS OF THIS TYPE MORE THAN THEY

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DID THE US DRAFT NOTE 3 CONCEPT REQUIRING REEXPORT OF
BLOC MACHINES FITTED WITH WESTERN CONTROLS.

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7. ACTION RECOMMENDED: OBVIOUSLY US AND /KK TECHNICAL
ADVISORS ARE DIVIDED BY IRRECONCILABLE DIFFERENCES IN
JUDGEMENT. WE BELIEVE THAT IN THE COCOM CONTEXT THERE
ARE ONLY TWO FACTORS TO BE CONSIDERED BY WG-1. THE
FIRST IS THAT THE COCOM RULES REQUIRE TREATMENT OF THE
PROPOSAL ON ITS INDIVIDUAL MERITS WITHOUT ATTEMPTING
TO RELATE IT TO LIST REVIEW QUESTIONS. THE SECOND FAC-
TOR IS THE POLICY QUESTION OF WHETHER IN THE CIRCUM-
STANCES PRESENTED BY THE BRITISH, IT IS REASONABLE
OR DESIRABLE TO BLOCK AN ALLIED COUNTRY'S EXPORT WHERE
IDENTICAL EQUIPMENT IS AVAILABLE AND CERTAIN TO BE PRO-
VIDED FROM A NEUTRAL NON-COCOM MEMBER COUNTRY. INASMUCH
AS THE UK IS UNLIKELY TO LET THIS MATTER REST PENDING
RESOLUTION OF THE COMPLEX US INTERAGENCY LIST REVIEW
DIFFERENCES, IT WOULD BE APPROPRIATE TO SEEK AN EDAC
LEVEL DECISION BASED ON THE FOREGOING TWO FACTORS.
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